

Cube-Based Pricing Value Proposition

Carrier Contracts

- Shipper and Carrier agreement is law
- Shipper business requirements should be in carrier agreement
- Reference to NMFC subjects parties to NMFC rules
- Not all rates are created equal
 - Different rate bases
 - Prior year pricing structures
 - FAK (freight all kinds) rates
- Keep it simple
- Don't buy what you don't need

Hidden Costs - Released Valuation

- Released valuation - limits of liability
 - Does everything need to be insured?
 - Set your valuation to match your freight
 - NCC valuation guidelines assign valuation per pound by freight class
 - Be careful of inherent valuations in FAK
- What is your claims experience?
- It may be cheaper to use lower freight rates and add insurance

How Does Your Freight Fit in the System?

- Lane density
 - Are your locations heavy inbound or outbound?
 - Which do you use?
 - How does the lane fit in the carrier system?
 - How much attention do carriers pay to backhaul freight?
- Pickup/delivery density
 - How many shipments does the carrier pickup or deliver at a stop?
 - What's it worth to do more?
 - Would more or fewer carriers benefit the shipper?

Does It Matter When You Ship?

- Everybody likes to ship on Friday
 - End of the month
 - End of the quarter
- When does the carrier have the most available capacity - not on Friday!
- What if you ship on a day when the carrier has more capacity?
 - Benefits to shipper
 - Benefits to carrier

Managing Freight by Cube

In a recent survey, the LTL carriers had:

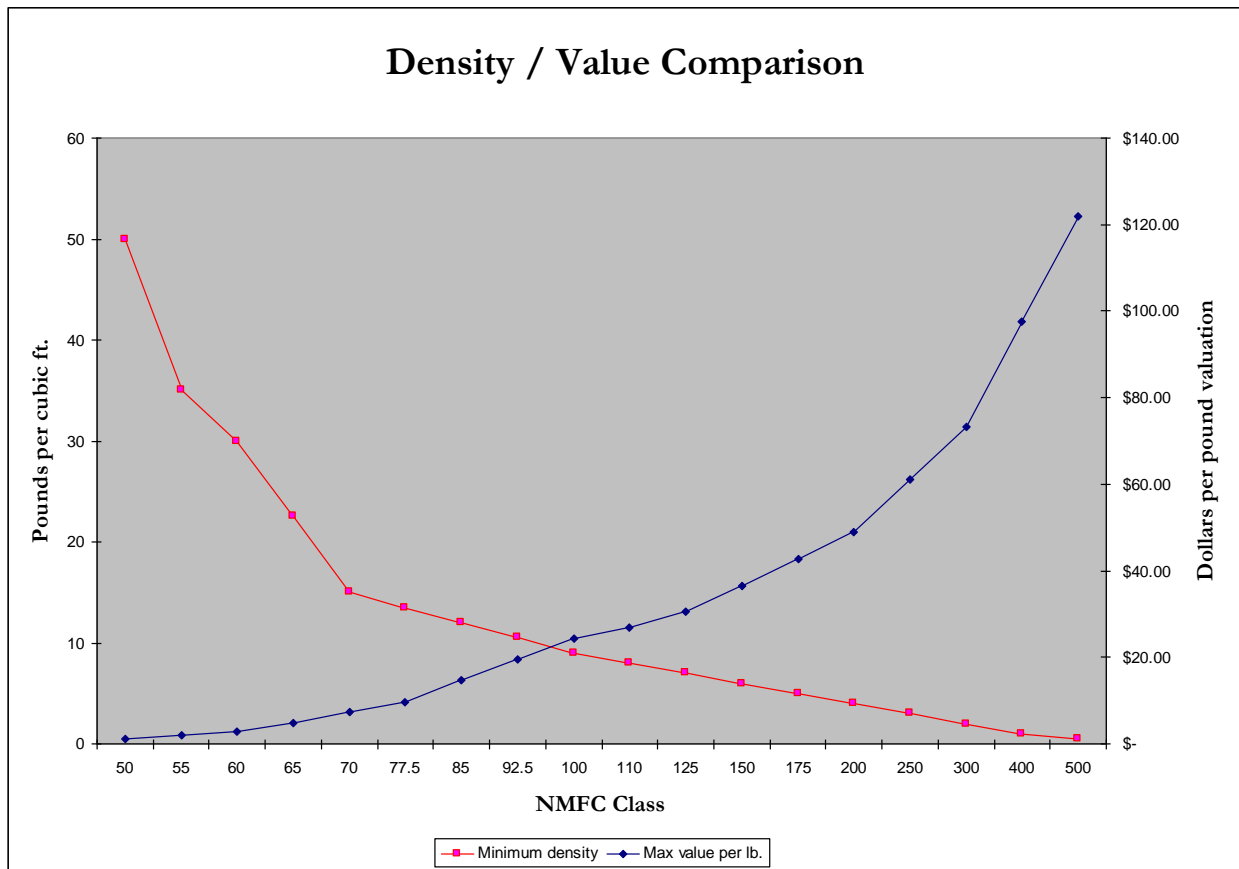
- *An average load factor of 24,500/lbs per line haul unit (mostly 53 foot trailers)*
- *65% of the shipments were 500 pounds or less*

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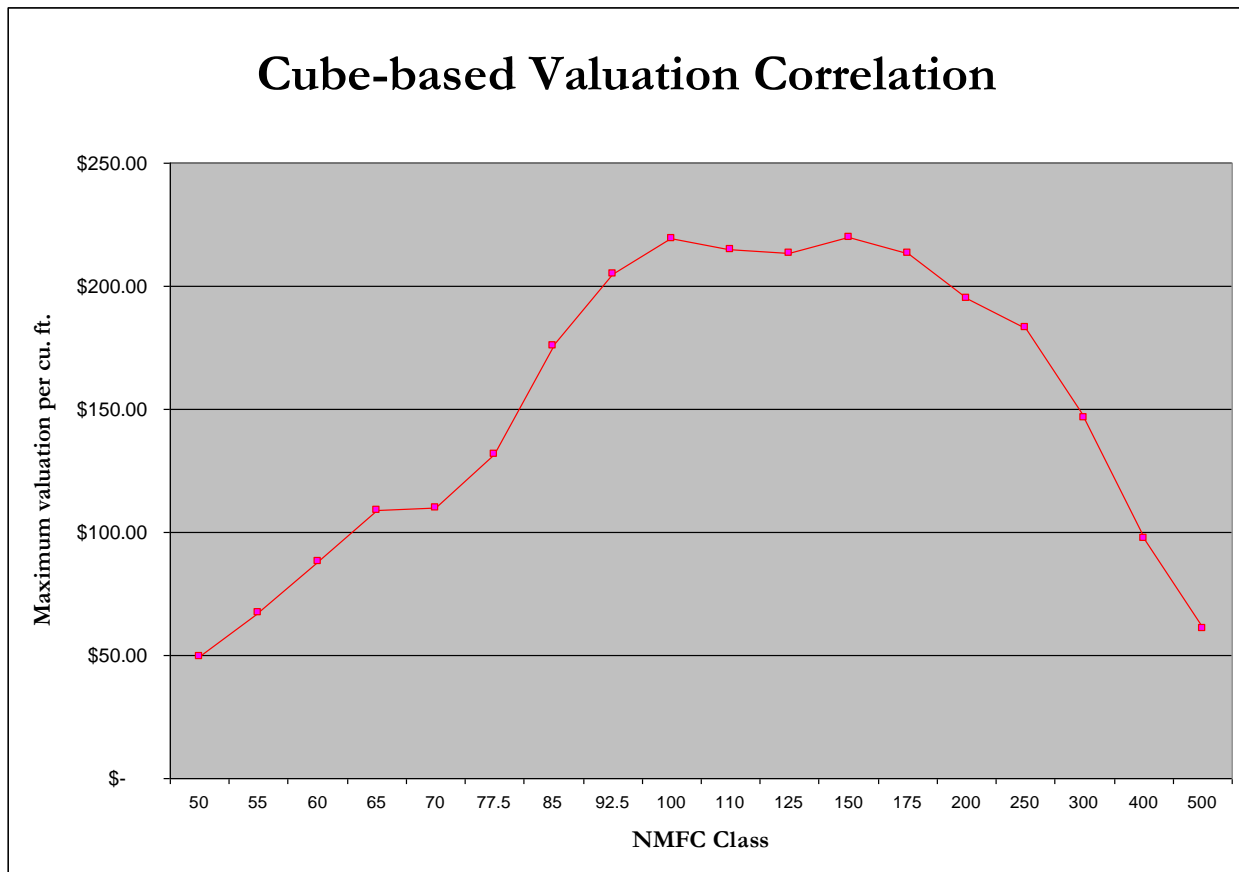
Why do we manage freight by weight when LTL trailers are at roughly 60% of their weight capacity?

Cube-based pricing

- Options you have with cube pricing:
 - Just rent space on the truck
 - Pick your released valuation
 - Reserve space on a less busy day
 - Better information exchange
 - Advanced booking to the carrier
 - Ability to plan trailer space required
- Simpler pricing structure
 - Consistent pricing with the rest of the world
 - **Does anybody ship international?**
 - Alternative to NMFC rating structure



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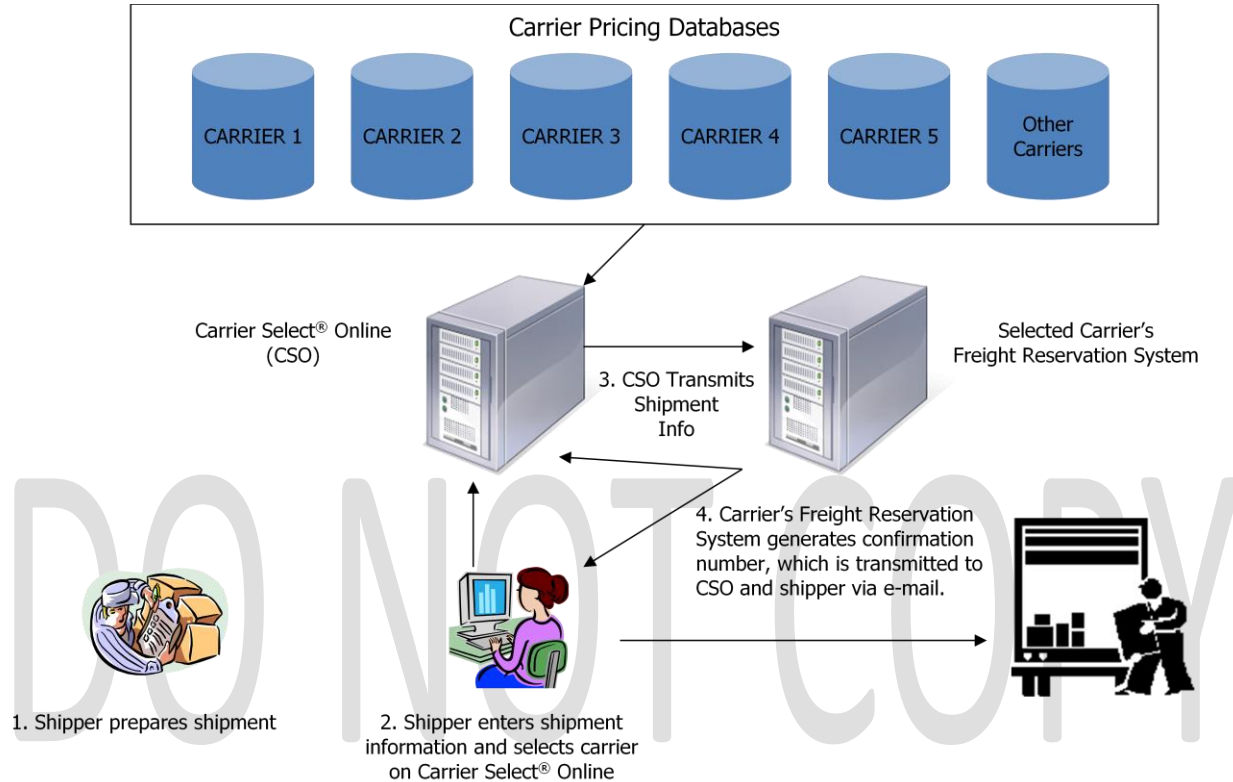
Cube-based pricing benefits

- Benefits to shippers
 - Pricing based on things shipper controls
 - Container dimension
 - Freight valuation
 - Shippers don't pay for services they don't need
 - Simplified pricing structure
 - Simplified shipment rating process
 - Pricing can be fine tuned
 - Day of week
 - Lane segment
 - Transit time
- Benefits to carriers
 - Pricing based on use of carrier's scarcest commodity - space
 - Carrier gets paid for services provided
 - Simplified pricing structure
 - Reduced cost of audit
 - Opportunity for quicker payment

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Core Product Infrastructure



Core Product Benefits

- Benefits to shippers:
 - Provides better pricing/terms than can be obtained independently (freight reservation)
 - Simplifies carrier selection/service process (cube)
 - Can replace carrier selection documents (routing guide)
 - Easy to use and access, web based (vendor direct)
 - Benefits to carriers:
 - Reduces cost to produce bill of lading / CSD
- (Cube shipping document)
- Reduced cost to process shipment (average cost to process shipments is 1% to 3%)
 - Load Factor increased
 - Information sharing simplified/standardized.